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# PAST PERFORMANCE EVALUATION FOR SOURCE SELECTIONS

BRIEFER:

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***Turning Dollars & Desires into Dominant Aerospace***

***Power!***



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# OUTLINE OF BRIEFING

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- Purpose of Briefing
- What Requires Past Performance (PP)?
- When is PP Evaluation Required?
- Who Does PP Evaluation?
- PP verses Responsibility Determination
- How Do You Do PP Evaluation?
- Performance Price Tradeoff (PPT) and Lowest Price Technically Acceptable (LPTA)



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# PURPOSE OF THE BRIEFING

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Provide An Understanding  
Of Past Performance Evaluation  
And The Process For Effectively  
Using It As An Evaluation Factor  
in “**Best Value**” Source Selections



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# WHAT REQUIRES PAST PERFORMANCE?

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- 1994 Federal Acquisition Streamlining Act (FASA) dated October 13, 1994 (Public Law 103-355)
  - It is appropriate and relevant that a contracting official consider a contractor's past performance as an indicator that the offeror will successfully perform a contract to be awarded.
- Federal Acquisition Regulation (FAR) 15.304(c)(iii)



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# WHAT REQUIRES PAST PERFORMANCE?

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- Why Evaluate Past Performance?
  - Validates Promises Made in Proposal
  - Integral to Best Value Source Selection
  - Incentivizes Contractors to Strive for Excellence
  - Rewards Good Performance
  - Reduces Risk and Oversight



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# WHEN IS EVALUATION OF PAST PERFORMANCE REQUIRED?

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- All Competitively Negotiated Acquisitions Exceeding \$100,000. Unless Contracting Officer Documents Why Past Performance Is Not An Appropriate Evaluation Factor (FAR 15.304(c)(iii)).
- Based on DoD Class Deviation 99-O0002 (January 29,1999) the Thresholds are: (1) \$5 M for Systems and Operations Support, (2) \$1 M for Services, Information Technology, and (3) \$100,000 for Fuels or Health Care.



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# WHO DOES PP EVALUATION?

- Contracting Officer and Technical Evaluator For Source Selections Using The Following Processes:
  - Performance Price Tradeoff (PPT)
  - Lowest Price Technically Acceptable (LPTA)
  - Basic Source Selection Procedures (\$100K to \$10M)



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# WHO DOES PP EVALUATION?

- Performance Risk Assessment Group (PRAG)  
For Agency Source Selections (>\$100M)
- PP Evaluations For Median Source Selections  
(\$10M to \$100M) May Be PRAG or  
Individuals Identified In Source Selection  
Plan





# WHAT IS A PRAG?

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- Performance Risk Assessment Group (PRAG) Is a Group Tasked With Accomplishing The Past Performance Evaluation.
- The PRAG Is A Part Of The Source Selection Evaluation Team (SSET).
- Responsible to Assign or Recommend to SSA a Confidence Assessment Rating Established Through a Review and Analysis of the Offeror's Recent, Current and Relevant Contract Performance.



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# PAST PERFORMANCE VERSUS RESPONSIBILITY DETERMINATION

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- Responsibility Determination
  - Does The Offeror Have The Capability to Perform?
  - Can The Offeror Do The Work?
    - Preaward Surveys and Pass/Fail Provide a Yes/No, Pass/Fail or Go/No-Go Answer
    - PCO Determines Whether Offeror is Responsible



# PP VERSUS RESPONSIBILITY DETERMINATION

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- Past Performance Evaluation
  - Identifies The Degree Of Performance Risks Associated With Each Competing Offeror
  - Will The Offeror Do The Work Successfully?
  - Evaluation Describes The Degree Of Confidence Government Has In Offeror's Likelihood Of Success



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# PAST PERFORMANCE ACTIVITIES

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- I. Early Activities
- II. Prior To Issuance Of DRPF/RFP
- III. Prior To Proposal Receipt
- IV. After Receipt of Proposals



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# EARLY ACTIVITIES

- PRAG Chairperson Assigned
  - Key Participant in the Acquisition Planning Process
  - Early Participation Ensures Chairperson Knows Requirements, Understands Strategy, and Provides Input to Factors/Subfactors
  - Same or One Level Below the Rank or Grade of the SSET Chair
  - Broad Experience In Acquisitions Similar to Instant Acquisition
  - APDP Level II Certified Desired
  - Previously Served on a PRAG if Possible



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# EARLY ACTIVITIES

- **PRAG Members Appointed By PRAG Chairperson**
  - Number of Members Depends on Complexity of the Acquisition and Number of Proposals Expected
  - Members Should Be Experienced Personnel, Familiar With Work Required By The Acquisition
  - Members Should Include a Person(s) Who Will Have To Live With The Results of the Source Selection
  - A Technical Expert May Be Assigned
  - Consider a Member From DCMA



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# EARLY ACTIVITIES

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- **Activities During Early Phase of Acquisition**
  - Begin Discussing Relevancy and Recency
  - Begin Drafting Questionnaire
  - Discuss Management Processes for the Source Selection
    - Handling of Information in the Evaluation Process
    - Data Management Process for Tracking Proposals, Questionnaires, ENs, etc.
    - Secure Work Area with Phones, Fax Machine and Locking File Cabinets
    - Dedicated Resources and Adequate Administrative Support
  - Review Latest Past Performance Guidance



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# **PRIOR TO ISSUANCE OF DRFP/RFP**

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- **Prepare Past Performance Portion of Sec L, M, and Questionnaire**
  - Establish Clear Relationship Between Acquisition Documents
    - Requirements Set Forth in SOO, SOW, PWS, or TRD
    - Factors and Subfactors Chosen For Evaluation Must Track Back To Requirements
    - Sec L and M Should Clearly State What Past Performance Information the Government Requires in the Proposal and How PP Will Be Evaluated





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# PRIOR TO ISSUANCE OF DRFP/RFP

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- **Consider The Following When Developing PP Portion of Section L and Attachments**
  - Ask Offerors for Information on a Number of On-going Contracts or Contracts With Performance Completed Not More Than X Years.
    - Keep Number As Small As Possible To Give Accurate Review of Past Performance
    - Recommend 5 to 10 From Prime and 5 From Each Critical Sub
    - Include PP Information Format as Attachment to DRFP/RFP



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# PRIOR TO ISSUANCE OF DRFP/RFP

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- Encourage Offerors to Provide Information on Problems Encountered During Performance and Corrective Actions.
- PP Information of Commercial, State and Local Gov't Similar to These Requirements Will Be Evaluated
- PP Information on Subcontractors, Teaming Partners and Joint Ventures
- Gov't May Use PP Information Obtained From Other Sources
- PP Information is Proprietary SS Information Therefore Prime Contractor Must Submit Subcontractors Consent



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# PRIOR TO ISSUANCE OF DRFP/RFP

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- Identify Which Contracts Are Relevant Indicators of Performance for Factors/Subfactors
- Page Count Limitation For PP Volume or Referenced Contract Fact Sheets, Determine What To Exclude From Page Count
- Prepare the Draft Questionnaire If Offerors Will Send Questionnaires to POCs. When the Questionnaire Will Be Attached the Draft Questionnaire to DRFP, if Planning to Include a Questionnaire in the RFP.
- If Offerors Are To Send Out Questionnaires, Section L Should Include Instructions and Cover Letter.



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# PRIOR TO ISSUANCE OF DRFP/RFP

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- Consider What Kind of Past Performance Information is Needed to Evaluate Offeror's Team Members—Joint Ventures and Subcontractors
- Decide if Past Performance Volume will be Required Earlier Than Proposal



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# PRIOR TO ISSUANCE OF DRFP/RFP

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- Consider The Following When Developing PP Portion of Section M
  - Past Performance Factor Must Be At Least As Important As Most Important Non-cost Factor
  - Govt Will Assign a Performance Confidence Assessment to the Past Performance Factor IAW AFFARS 5315.305(a)(2)(E)



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# PRIOR TO ISSUANCE OF DRFP/RFP

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- | <u>Rating</u>                      | <u>Definition</u>   |
|------------------------------------|---|
| • Exceptional/ High Confidence     | Based on the offeror's performance record, essentially no doubt exists that the offeror will successfully perform the required effort.  |
| • Very Good/Significant Confidence | Based on the offeror's performance record, little doubt exists that the offeror will successfully perform the required effort.  |
| • Satisfactory/Confidence          | Based on the offeror's performance record, some doubt exists that the offeror will successfully perform the required effort.  |
| • Neutral/Unknown Confidence       | No performance record identifiable (see FAR15.305(a)(2)(iii) and (iv)).   |
| • Marginal/Little Confidence       | Based on the offeror's performance record, substantial doubt exists that the offeror will successfully perform the required effort. Changes to the offeror's existing processes may be necessary in order to achieve contract requirements. |
| • Unsatisfactory/No Confidence     | Based on the offeror's performance record, extreme doubt exists that the offeror will successfully perform the required effort.   |



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# PRIOR TO ISSUANCE OF DRFP/RFP

- State Exactly How We Will Evaluate the Proposals in Section M
- Recency Length for PP Must Be Stated in Section M
  - » Consider Product Being Acquired in Determining How Many Years to go Back in Looking at Past Performance
  - » Time Should Not be Longer Than 3 years Except for Unique Items
  - » Recency Example: Each relevant contract shall have been performed during the past 3 years from the date of issuance of this solicitation.



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# PRIOR TO ISSUANCE OF DRFP/RFP

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## **- Definitions for Relevancy**

- Relevancy Definitions Must Be in DRFP/RFP
  - PRAG Must Determine How to Define Relevancy
  - Definitions May Be Varying Degrees OR Single Definition for Relevancy. Team Must Realize It Can Not Evaluate More or Less Relevant Performance on Single Definition.
- Consider the Following When Developing Relevancy Definition:
  - Relevant Does Not Mean Same or Identical
  - Relevant Means Similar to Instant Acquisition to Provide Indicators of Performance. Consider Such Things as Product or Service Similarity, Complexity, Contract Type, Contract Dollar Value, Program Phase, Division of Company, Major or Critical Subcontractors, Teaming Partners and Joint Ventures.
  - How will the PRAG determine relevancy for individual contract—prime, joint ventures, subcontractors?





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# RELEVANCY EXAMPLE

- Relevancy Definitions

- Very Relevant                      Past/present performance effort involved                      essentially the same magnitude of effort and complexities this solicitation requires.
- Relevant                              Past/present performance effort involved much                      of the magnitude of effort and complexities this                      solicitation requires.
- Somewhat Relevant              Past/present performance effort involved some                      of the magnitude of effort and complexities this                      solicitation requires.
- Not Relevant                      Past/present performance effort did not involve                      any of the magnitude of effort and complexities                      this solicitation requires.



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# PRIOR TO ISSUANCE OF DRFP/RFP

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- Determine if More Recent and More Relevant Performance Will Have Greater Impact on Performance Confidence Assessment.
- Define Adverse Past Performance in Sec M.
- PRAG May Consider the Offeror's Past Performance in Aggregate, Rather Than On an Effort (Contract) By Effort Basis.



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# PRIOR TO ISSUANCE OF DRFP/RFP

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- Other PRAG Activities
  - Early Industry Involvement Is Essential To Resolve Concerns
    - Relevancy and Recency Definitions
    - Questionnaire
    - Past Performance Evaluation
  - Develop Timelines for PP Activities in SS
  - Establish Interchange Process Within SSET
  - Plan on Aggressively Pursuing Sources of Information on Potential Offerors
    - CPARS, DCMA, DLA, PPIRS, Federal Procurement Data System, Dun and Bradstreet



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# PRIOR TO PROPOSAL RECEIPT

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- PRAG Participates in Activities With Industry--  
Industry Day, One-on-One Meetings, or Pre-  
Proposal Conferences
- Finalize PRAG Internal Processes
  - Internal Team Consensus Process
  - Data Management Process
  - Formulate Computer Generated Documents
  - Determine What Each PRAG Member Will Review/Work



# PRIOR TO PROPOSAL RECEIPT

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- **Finalize Questionnaire If It Was Not Attached to RFP**
  - Questionnaire and Cover Letter Will Be Issued Soon After Receipt of Proposals--Unless Offeror Sent Out
    - Purpose of Questionnaire is to Obtain Information on Past and Present Performance
    - Structure Questionnaire to Obtain Helpful Information About the Offeror's Performance
    - Make Questionnaire Easy to Complete but Avoid Yes/No Answers
    - Questions Should Elicit Information That Relates To Mission Capability Subfactors and Price/Cost Factor
    - Questionnaire Must Define a Scale For Rating Performance



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# AFTER RECEIPT OF PROPOSALS

- Read Executive Summary and PP Volume
- Prepare List Of Offerors
- Prepare Evaluation Notices (ENs)
- Hold First Interchange Meeting With SSET Chair



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# AFTER RECEIPT OF PROPOSALS

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## **Past Performance Evaluation:**

- Step 1 - Conduct Relevancy and Recency Screening By Each Contract and Determining Relevancy of Validate Recency
- Step 2 - Search For Additional Relevant Contracts
- Step 3 - Obtain PPIRS Data
- Step 4 - Issue, Follow-up, Review Questionnaires.  
Conduct and Document Interviews on Completed Questionnaires



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# AFTER RECEIPT OF PROPOSALS

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## **Past Performance Evaluation:**

- Step 5 – Rate Performance for Each Offeror and Critical Subcontractors and Team Partners
  - Rate Performance on Each Relevant Contract
  - Evaluate Poor Performance If Necessary
  - Consolidate Data For Each Offeror
  - Identify Strengths and Risks for Past Performance Factor.
- Step 6 – Conduct Site Visits If Beneficial To Evaluation.





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# AFTER RECEIPT OF PROPOSALS

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## **Past Performance Evaluation:**

- Step 7 - Perform An Assessment Of Performance Confidence At Factor or Subfactor as Stated in Sec M.
- Step 8 - Prepare ENs For Adverse Past Performance Information and Other Past Performance Issues.
- Step 9 - Evaluate Responses On ENs
- Step 10 -Review Performance Confidence Assessments & Strengths/Risks Based On Additional Information In Response To ENs



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# AFTER RECEIPT OF PROPOSALS

## **Past Performance Evaluation:**

- Step 11 - Assist Other Source Selection Team Evaluators.
- Step 12 - Review Documentation and Verify PP Evaluation Completed IAW Section M
- Step 13 - Prepare Briefing Charts for SSA/SSAC Briefings

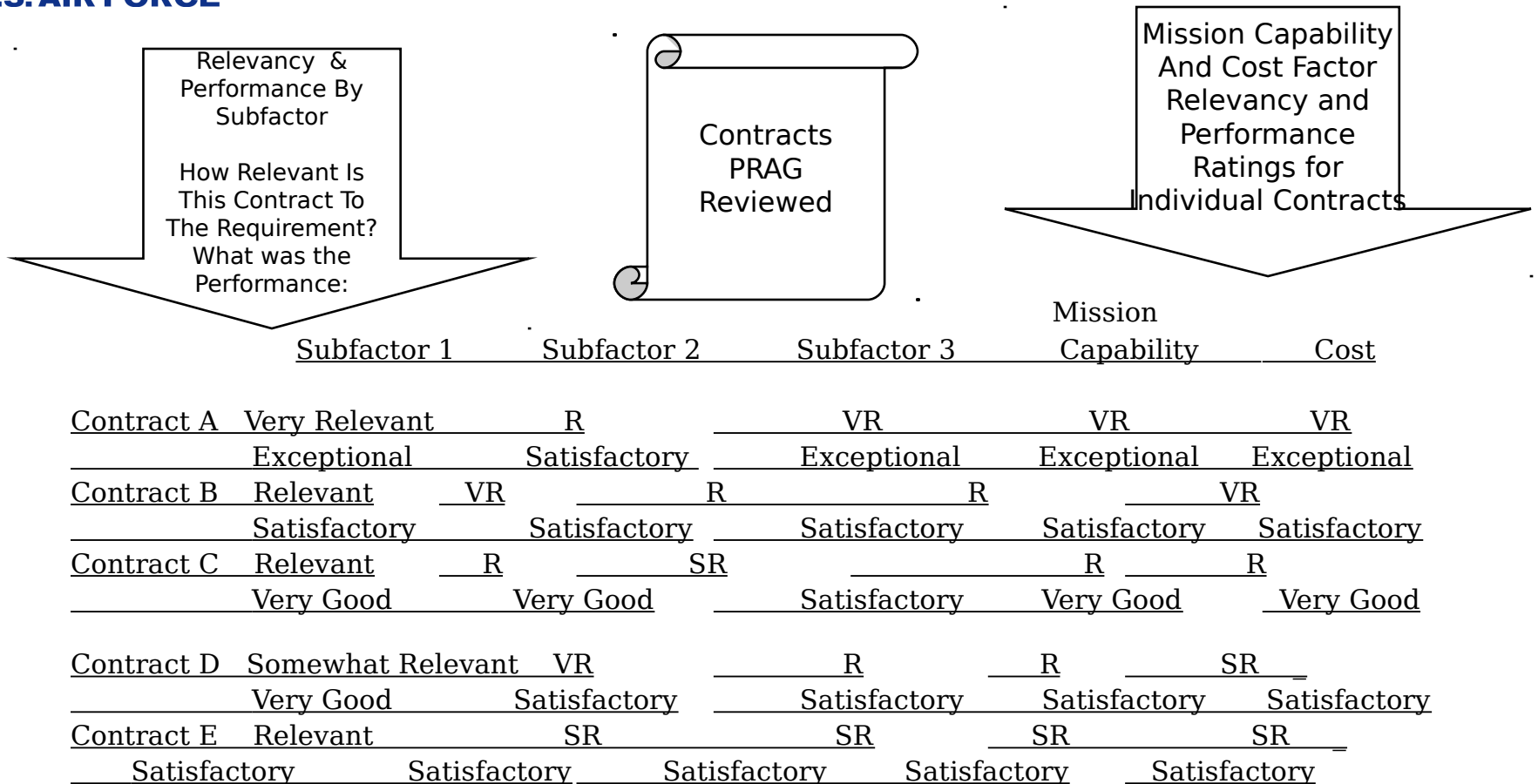


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# METHODOLOGY PROCESS

## FLOW

### SAMPLE



Past Performance Factor Rating  
Significant Confidence

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# METHODOLOGY PROCESS FLOW ***SAMPLE***

Relevancy &  
Performance By  
Factor

How Relevant Is  
This contract To  
The Requirement?  
What Was The  
Performance?

Contracts  
PRAG  
Reviewed

Mission  
Capability  
And Cost  
Factor  
Relevancy &  
Performance  
For Individual  
Contracts

	<u>Mission Capability</u>	<u>Cost</u>
Contract A	Very Relevant	Very
Contract B	Relevant	Relevant
Contract C	Relevant	Relevant
Contract D	Relevant	Somewhat Relevant
Contract E	Sor	levant
	Past Performance Factor Rating Significant Confidence	

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# AFTER RECEIPT OF PROPOSALS

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- **PRAG Chairperson is Responsible and Accountable to the SSA for the PRAG's Rating.**
  - Must read/review proposals, questionnaires and all PRAG member assessments to provide an integrated assessment
  - More Not Less PP Information is Goal of the PRAG
  - Ensure Consistent, Complete and Auditable Rationale, Fair/Impartial Judgment, Compliance with All RFP Terms/Conditions, and an Error Free Process
  - Brief the PRAG Findings as a Part of SSET to SSAC and SSA
  - Keep Process on Timeline Schedule
  - Brief, or Support, Discussions With Offerors if Conducted
  - Continue to Participate in Interchange Meetings



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# AFTER RECEIPT OF PROPOSALS

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- Exchanges With Offerors After Receipt of Proposals
  - Clarifications Are Limited Exchanges When Award Without Discussions is Contemplated
  - Communications Are Exchanges Leading to Establishment of Competitive Range
  - Discussions Are Negotiations Conducted After the Competitive Range--Offeror is Allowed to Revise Proposal
- ENs Are Used For These Exchanges



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# AFTER RECEIPT OF FINAL PROPOSAL REVISION

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- PRAG Must Analyze Any Change To Proposal Addressing Past Performance and Reassess Strengths and Risks For Each Offeror
- PRAG Drafts Their Portion of the Proposal Analysis Report (PAR)
- PRAG Prepares Charts For the Final Decision Briefing
- PRAG Chairperson Participates in the De-briefings



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# LOWEST PRICE TECHNICALLY ACCEPTABLE AND PERFORMANCE PRICE TRADEOFF





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# LOWEST PRICE TECHNICALLY ACCEPTABLE (LPTA)

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- Appropriate When Best Value is Expected From Selection of Technically Acceptable Proposal With Lowest Evaluated Price
- If CO Decides to Use Past Performance as an Evaluation Factor, It Shall Be Evaluated by FAR 15.305, NOT ONLY on a Pass/Fail Basis.



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# PERFORMANCE PRICE TRADEOFF (PPT)

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- Only Factor Being Traded Off With Price is Past Performance
  - Past Performance and Price Factors Are About Equal
- Technical Factors May Be Evaluated On Pass/Fail Basis Only But Cannot Be Traded Off For Price
- Technically Acceptable Proposals Are Determined Then Tradeoffs Are Made Between Price and Past Performance Evaluation To Determine Successful Offeror



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# PERFORMANCE PRICE TRADEOFF (PPT)

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- Examples Where PPT is Appropriate:
  - Replenishment Spares
  - Operational Contracting
  - Non-Developmental, Non-Complex Service or Supplies
  - “Build To Print” Requirements
  - Service Acquisition With Only Pass/Fail Technical Requirements



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# PERFORMANCE PRICE TRADEOFF (PPT)

- Past Performance in PPT
  - Prior To Issuance of RFP, Govt Team Must Write Sec L and M Explaining to Offerors What Information Is Required in Proposals and How Govt Will Do Evaluation
  - Sec M Must Define Recent and Relevant
  - Clearly State How Performance Confidence Assessment Will Be Accomplished



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# PERFORMANCE PRICE TRADEOFF (PPT)

- **Past Performance Activities After Receipt of Proposals**
  - Review Past and Present Performance Data Furnished by Offerors
  - Issue and Review Completed Questionnaires, Conduct Telephone Interviews, Document Interviews, and Fax Documentation To Person Interviewed
  - Identify and Review Performance on Other Contracts Not Identified By The Offeror
  - Determine Performance Confidence Assessment After Reviewing All The Data Obtained



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# PERFORMANCE PRICE TRADEOFF (PPT)

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- Clarifications, Communications, or Discussions May Be Required For The Acquisition
- The Past Performance Team Will Make an Integrated Past Performance Price Tradeoff Assessment of the Technically Acceptable Offerors to Determine Which Offeror Provides Best Value to the Government
- Source Selection Decision Must Be Accomplished As Stated in Section M of the RFP
- Decision Document Must Be Written to Document the Award Decision



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# CONCLUSION

- **Past Performance is Important In Source Selections**
- **RFP Sections L and M Must Clearly State Requirements for Proposals and How Evaluation Will Be Conducted**
- **Past Performance Team Must Strive For More Performance Data Than Submitted By Offerors In Doing Past Performance Evaluation**
- **PP Evaluation Must Be Done IAW Section M**